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SUBJECT: U/S JEFFERY'S MEETING WITH PLANNING MINISTER BABAN

¶1. (SBU) Minister of Planning and Development Cooperation (MoPDC) Ali Baban's key message to the U/S Reuben Jeffery during a December 6 meeting was that the current government's lack of decisionmaking undercuts Iraq's political and economic development. He stressed that the Iraqi government needs to make the difficult decisions and that delay makes the problems bigger. Baban said he had given a "strategic economic plan" to the Council of Ministers 40 days ago, which included a 4 to 5 year budget plan for some larger projects as well as proposals for streamlining public sector staffing and some food subsidies. However, Baban said he has received no feedback on the MoPDC draft plan. Baban also bemoaned the MoPDC's "very limited authority in implementing the capital budget" and said that capital budget execution will be "very low this year, not exceeding 40 percent".

¶2. (SBU) When asked by U/S Jeffery what was the major stumbling block to passing the hydrocarbons legislation, Baban described the problem as "100 percent political". Although Baban claimed to have a "direct line" to Prime Minister Nuri Al Maliki, he said there would not be much he could do because PM Maliki is constrained by the political situation and has some "conflicts of interest". Baban then noted that even though he was a Kurd, he believed if the Kurds were successful in developing their own resources then other regions, like Basrah, which currently has 80 percent of production, would follow and this would "destroy Iraq". Baban opined that the best way to get the hydrocarbons legislation passed would be to offer the Kurds "some incentive" to buy into a national plan. In particular, he said whatever incentive should be channeled to political leaders to get buy-in as quickly as possible.

¶3. (SBU) Baban closed the meeting by stressing "Iraq's fortune and unity depend on oil," because 96-97 percent of the resources for the budget come from that resource. In order to reach a hydrocarbons legislation agreement, he once again noted the role parties play and said it is up to the political leaders. Baban noted this is a unique opportunity for Iraq to invest in its economy with historically high world oil prices, but unless the hydrocarbons legislation is passed the opportunity will pass by his country.

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